

## AGENDA



Thursday, February 12, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 18**

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**Subject:** Approve ratification of Amendment No. 10 to the 12-month requirements service contract with TRANS CANADA TURBINES, Calgary, Alberta, Canada; WOOD GROUP/PRATT WHITNEY, Windsor Locks, CT; and GE PACKAGED POWER, INC., Houston, TX for the repair of gas turbines to increase the current amount of the contract in an estimated amount not to exceed \$2,000,000, for a revised estimated contract amount not to exceed \$11,749,000.

**Amount and Source of Funding:** Funding is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy.

**Fiscal Note:** There is no anticipated fiscal impact. A fiscal note is not required.

**For More Information:** Shawn M. Harris, Buyer II / 505-7351.

**Purchasing Language:** Critical Business Need.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

**Prior Council Action:** April 27, 2006 – Approved 12-month contract, with four 12-month extension options; January 11, 2007 - Approved Amendment No. 3; January 31, 2008 – Approved Amendment No. 8

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On April 27, 2006, Council approved a 12-month requirements service contract for maintenance and repair of gas turbine units at Austin Energy power plants in an estimated amount not to exceed \$750,000, with four 12-month extension options in an estimated amount not to exceed \$750,000 for each extension option, for a total estimated contract amount not to exceed \$3,750,000. On January 11, 2007, Council approved an increase to the current term of the contract and each of the four remaining extension options by an estimated amount not to exceed \$750,000 each. On January 31, 2008 Council approved an increase to the current term by an estimated amount not to exceed \$2,200,000.

This contract amendment was necessary in order to facilitate the repair of gas turbine units No. 1 and No. 4 at the Sand Hill Energy Center. Unit No. 1 gas turbine engine was removed from its enclosure and shipped to Trans Canada Turbines during a planned outage to repair known problems. This was a budgeted expense and planned as part of the Fall outage work. During inspection of the disassembled unit, two significant additional problems were discovered. These two repairs are estimated to cost \$1,100,000. Also, during the planned maintenance inspection of the Unit No. 4 gas turbine, unanticipated problems were found in the engine. The estimated cost to pull this engine, separate components onsite, ship the sections needing repair to GE, perform repairs, and reassemble and install the engine is \$900,000. These repair estimates are based on the initial inspection of the engine components with engineering evaluations of some components in progress. These evaluations may impact the final cost to repair the engines.

This is a Critical Business Need in that Austin Energy is now without approximately 100 megawatts of efficient and low emissions gas-fired generation that is critical to its most favorable operating plan.